

August 7, 2023

David M. Solomon
Chairman and CEO
Goldman Sachs & Co.
200 West Street
New York, NY 10282

Dear Mr. Solomon,

I am writing today regarding your response to my June 2023 letter raising concerns about Goldman Sachs' role in the collapse of Silicon Valley Bank (SVB). As I wrote earlier this year, your bank played dual – and conflicting – roles with SVB, which has allowed Goldman Sachs to benefit even as SVB collapsed.¹ Goldman Sachs acted as both the buyer of SVB-held bonds and the architect of failed efforts to raise capital for the bank,² raking in profits and fees even as SVB was seized by the Federal Deposit Insurance Corporation (FDIC) in a failure that cost the Federal Deposit Insurance Fund \$20 billion and caused “macro ripples” across the entire economy.³

Initial reports raised concerns about Goldman's role in the collapse of SVB, and the fact that the bank served as both an advisor and a purchaser of SVB's devalued assets.⁴ According to these reports, Silicon Valley Bank sold Goldman Sachs a \$24 billion debt portfolio at a \$1.8 billion loss,⁵ while Goldman Sachs, in its role as an advisor to SVB, attempted to line up a \$2.25 billion sale of SVB stock that would provide the bank with the capital it needed to stay solvent.⁶

¹ Letter to Goldman Sachs Chairman and CEO David M. Solomon from Senator Elizabeth Warren, June 29, 2023, p. 1, <https://www.warren.senate.gov/imo/media/doc/2023.06.29%20Letter%20to%20Goldman%20Sachs.pdf>.

² New York Times, “New Questions About Goldman Sachs's Work With Silicon Valley Bank,” Andrew Ross Sorkin and Lauren Hirsch, March 15, 2023, <https://www.nytimes.com/2023/03/15/business/goldman-svb-silicon-valley-bank.html>.

³ Axios, “Macros ripples from Silicon Valley Bank,” Neil Irwin, March 10, 2023, <https://www.axios.com/2023/03/10/svb-meltdown-ripple-effect>; Markets Insider, “Silicon Valley Bank's failure will cost \$20 billion – that's almost a sixth of the pool of funds that insures US depositors,” Zahra Tayeb, March 27, 2023, <https://markets.businessinsider.com/news/stocks/svb-failure-cost-fdic-private-insurance-fund-20-billion-2023-3>.

⁴ Fortune, “Feds probe Goldman Sachs role in failed SVB fundraising deal that helped push U.S. regional banking system into turmoil,” Sridhar Natarajan and Bloomberg, May 4, 2023, <https://fortune.com/2023/05/04/feds-probe-goldman-sachs-role-failed-svb-fundraising-deal-helped-push-us-regional-banking-system-turmoil/>; Reuters, “Analysis: For Goldman Sachs, SVB's botched stock sale had a silver lining,” Echo Wang, Lananh Nguyen, and David French, March 16, 2023, <https://www.reuters.com/business/finance/goldman-sachs-svbs-botched-stock-sale-had-silver-lining-2023-03-16/>.

⁵ Fortune, “Feds probe Goldman Sachs role in failed SVB fundraising deal that helped push U.S. regional banking system into turmoil,” Sridhar Natarajan and Bloomberg, May 4, 2023, <https://fortune.com/2023/05/04/feds-probe-goldman-sachs-role-failed-svb-fundraising-deal-helped-push-us-regional-banking-system-turmoil/>.

⁶ Reuters, “Analysis: For Goldman Sachs, SVB's botched stock sale had a silver lining,” Echo Wang, Lananh Nguyen, and David French, March 16, 2023, <https://www.reuters.com/business/finance/goldman-sachs-svbs-botched-stock-sale-had-silver-lining-2023-03-16/>.

However, “when Silicon Valley Bank publicly disclosed \$1.8 billion in losses that it had booked from the sale, that helped set off a stock sell-off that all but made the share sale impossible,”⁷ and ultimately precipitated the run on the bank that caused its collapse.⁸

Your July 13, 2023 response provided some important information about these transactions and Goldman’s role. First, the letter confirmed Goldman’s dual and conflicted role, indicating that, “In or around March 2023, SVB engaged Goldman Sachs to assist with a proposed capital raise and SVB also sought to sell the firm a portfolio of certain securities.”⁹ You informed us that Goldman Sachs’ purchase of the portfolio – for \$21.45 billion – was made “following arm’s-length negotiations with SVB’s management.”¹⁰ And you indicated that Goldman Sachs “expect[s] to realize a gain of approximately \$60 million the purchase and subsequent sale of the [SVB] portfolio.”¹¹ This is an important confirmation of the extent to which Goldman has profited from its role as an advisor, which precipitated the collapse of SVB.

But the letter you sent failed to provide key information I sought. I am particularly concerned that, in response to my question about actions that you took to address Goldman’s conflicts of interest, the only answer you provided was to inform me that “in this case, among other things, we informed SVB in writing” of the conflict.¹²

I am disappointed and troubled by your failure to provide complete answers to my questions. I am therefore writing to again reiterate the following questions, which I asked in June and which were not fully answered in your July response. I ask that you provide a response to these questions by August 21, 2023.

1. Did Goldman Sachs review the potential impacts on SVB’s resilience once the sale became public?
2. What actions – in addition to informing SVB in writing – did Goldman take to prevent conflicts of interest in its dual role as buyer of SVB’s debt portfolio, and advisor on SVB’s attempt to raise capital and avert collapse?
3. What was the extent of the conflict within Goldman Sachs, and did any Goldman officials play a role in both sets of transactions?
 - a. Which individuals at Goldman Sachs were involved in the debt purchase?
 - b. Which individuals at Goldman Sachs were involved in advising SVB on its attempt to raise capital?
 - c. Were any of these individuals in communication during the period from March 1, 2023 to March 12, 2023?

⁷ New York Times, “New Questions About Goldman Sachs’s Work With Silicon Valley Bank,” Andrew Ross Sorkin and Lauren Hirsch, March 15, 2023, <https://www.nytimes.com/2023/03/15/business/goldman-svb-silicon-valley-bank.html>.

⁸ Fortune, “Feds probe Goldman Sachs role in failed SVB fundraising deal that helped push U.S. regional banking system into turmoil,” Sridhar Natarajan and Bloomberg, May 4, 2023, <https://fortune.com/2023/05/04/feds-probe-goldman-sachs-role-failed-svb-fundraising-deal-helped-push-us-regional-banking-system-turmoil/>.

⁹ Letter to Senator Elizabeth Warren from Goldman Sachs Chief Legal Officer and General Counsel Kathryn H. Ruemmler, July 13, 2023, p. 1, [Letter on file with the Office of Senator Elizabeth Warren].

¹⁰ *Id.*, p. 2.

¹¹ *Id.*

¹² *Id.*

I also ask that you provide answers – by August 21, 2023 - to the following new questions.

1. What is the breakdown of the estimated \$60 million in profits for Goldman Sachs on the purchase and subsequent sale of the SVB portfolio?¹³
2. What was the nature of the “arms-length negotiations” between Goldman Sachs and SVB for the purchase of the \$21.45 billion SVB portfolio?¹⁴ What protections were in place to ensure that these negotiations were in fact at “arms-length”? Which Goldman Sachs and SVB officials were involved in those negotiations?
3. In the last three years, has Goldman Sachs been involved in similar advisory roles with banks in which it also had other relationships or transactions that created conflicts of interest? If so, please provide a list of all such banks and arrangements.
4. Has Goldman Sachs changed its policies regarding taking on multiple, conflicting roles for the same client since the collapse of SVB?

Sincerely,



Elizabeth Warren
United States Senator

¹³ *Id.*

¹⁴ *Id.*